

I.P.Desai Memorial Lecture : 23

**Reaching the Unreached
To Make Poverty Alleviation Programmes More
Effective**

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Reaching the Unreached

- To Make Poverty Alleviation Programmes More Effective

Introduction

When Prof. Pushendra, the Director of the Center for Social Studies, approached me to deliver I.P.Desai Memorial Lecture, I was hesitant to accept his invitation. Dr. I.P.Desai was a distinguished sociologist, while I, trained as an economist, have nothing to contribute to his discipline. This hesitation was partly relieved when I saw in the list of previous speakers many distinguished orators from the tribe of economists. The main reason for accepting this invitation was my respect for I.P. whom I had known in my Vidyanagar and Ahmedabad days in the 1960s and 1970s not only as an outstanding scholar but also as an astute institution builder, and above all a warm-hearted friend.

For this oration, I have selected a subject, which I am sure he would have approved. I am trying to pose the question that despite good intentions backed by considerable resources and a variety of programmes, why we are not able to substantially reduce the number of the poor households in our country. I will venture to point out the missing links in our approach to poverty alleviation. I should make it clear at the outset that my thinking is mainly based on the observations as a field worker in the villages of Gujarat and Rajasthan, coupled with experience as an observer of the policy making processes at the Center and the state level. I am not competent to engage in *shashtrath* with the *pandits*, on the subtle theoretical grounds or on esoteric ideological issues!

We can readily agree that a large section of population in our country is not able to avail themselves of the minimum standard of living. It is however, difficult to identify precisely the bundle of goods and services, which may be considered essential for achieving 'minimum standard of living'. It is even more difficult to identify, from the macro angle, individual households who have access to all the ingredients of what may be considered essential for the minimum standard of living. To bypass these difficulties, income of the household is used as a common denominator to identify the poor. Households earning or obtaining income below certain level are considered to be below poverty line or the poor.

An Influential group of the economists and policy makers further assume that for alleviating poverty of this group, high growth in Gross National Product is the necessary condition, and that the fruits of growth will 'trickle' down to the lower strata of the society and will enable them to reach over the poverty line. Assumptions underlining these propositions have been seriously questioned. In any case, in our country rather satisfactory rate of growth of the economy during past decade has not made the anticipated reduction in poverty. Official figures on poverty reduction bear it out.

I. Income Poverty

Despite current slackening of the pace of economic growth, Indian economy had a satisfactory record in this respect. The country registered a growth of over 7% per year in the last decade. Unfortunately, the high rate of growth could not be translated into substantial reduction in poverty. According to the estimates of Planning Commission, the population in poverty stood at 29.8 percent (in 2009-10). Nearly a decade and half back (in 1993-94) using the same (i.e., Tendulkar

Committee) methodology, it was estimated at 45.3 percent. In other words, poverty reduction in this high growth phase was barely one percent per year. However, it is claimed by the Planning Commission that during 11th Plan poverty ratio was declining at the rate of 1.5percentage point every year, and that the pace will be accelerated during the 12th Plan. This will not be easy as the rate of growth in the coming five years is not likely to be as high as it was in the previous decade. In this scenario, it is all the more important to correct the major lacunae in our approach to poverty reduction. I wish to dwell on this theme in this lecture. Before that, let me say a few words on the limitations of the current estimates of poverty.

The estimates of Poverty based on NSS surveys are grossly inadequate for the purpose of identifying the poor, or to measure the extent of poverty at the macro level. In the first place, figures of consumption revealed in the NSS household surveys are equated to the income of the households. Even for approximating to consumption expenditure of the households there are problems in deciding on the weight of different articles in the consumption basket, and the prices attached to various items in different locations and in different years. Secondly, two point comparison based on these figures does not identify the households that have 'exited' from the poverty or the households that have newly 'entered' as the poor. Nor can these figures tell us who are chronically poor, and who are transiently poor. Finally, these figures do not differentiate between various categories of the poor, and therefore are not helpful in assessing the vulnerability of different households.

To circumvent some of these limitations, scholars have tried to estimate 'poverty gap', or have used simpler versions- for example, categorizing households that have less than or equal to three-fourth of the income which defines poverty line. In another version, popularized by the World Bank, the poor are categorized into two classes – those whose income is a dollar a day (1.25 dollars a day to be precise) and those whose income is two dollars a day (both in purchasing power parity terms). As per the World Bank criteria also the number of the poor in our country is huge: nearly 400 million live on a dollar a day and 841 million live on two dollars a day.

II. Poverty as Deprivation

It is now well recognized that poverty has many dimensions, and low income can define only some of these. Poverty can be understood as deprivation and lack of choice in various domains – social, economic and political. For this reason, poverty alleviation measures have to be multi-faceted. It is only due to my own limitations, I am focusing on the economic dimension of such deprivation, i.e., inability to meet basic human needs of food, water, clothing, shelter, healthcare and education mainly due to the paucity of income or lack of the capability to earn sufficient income. I will review a few major government programmes directed towards enabling the poor to meet these needs and offer my comments on their efficacy.

We are looking into poverty related issues in the context of a reasonably fast growing economy. One can hypothesize that the poor are not in a position to take advantage of the growth-induced opportunities because of the handicaps they face such as they do not have income generating assets and as a result they remain at the periphery of the growth

process. These assets could be physical assets (e.g. land), stamina to labor, skill to meet the market demand, and access to financial or social capital. Having such assets is the minimum condition for participating in the growth process; it is equally important to have an opportunity to take advantage of these assets in the market place, i.e. to convert these assets into capital. A large section of population identified as the poor do not have income generating assets.

To compound their disadvantages, these asset-poor households are concentrated in backward regions, and most of them suffer from social discrimination. The National Sample Surveys as well as some scholars have identified major characteristics of the poor. For example, there are a few occupational categories such as landless laborers, rural artisans and marginal farmers who account for the bulk of the poor. Certain social classes, such as dalits and adivasis, account for a disproportionately large number of the poor households. Certain regions of the country, e.g., rain-fed areas with low productivity and high degree of climatic risks, and the tribal and hilly areas with depleting natural resources, coupled with communication and transport difficulties, have more than their share of the poor households.

An important measure of relief from poverty for a household is the access to and use of the income generating assets. Such access can be self-generated, inherited or bequeathed, including the access created through government programmes. In this lecture, I am focusing on the government programmes, which may be regarded as direct income generating programmes. I will also look at the programmes that enable the poor to acquire income-earning

capabilities, among other benefits. I may mention that in this lecture I am concentrating on the rural poor.

At the outset, I wish to acknowledge that the poor are heterogeneous groups with varying capabilities and handicaps, and therefore require action at the disaggregated level. However, the macro policies and centrally designed schemes and programmes, on which I am focusing, are important, although to be effective, they may need local adaptation. If we ignore the importance of macro level interventions, we will, in essence, be opting for 'hand holding' operation for each poor household because every household, nay every individual, is unique.

III. Measure to Alleviate Poverty

As I have mentioned earlier, deprivation and the lack of choice characterize the poor, and the paucity of income is a major, though not the only, constraint in overcoming various handicaps. In our country, *direct* approaches to increase the income of the rural poor comprise: (a) access to land; (b) promotion of self-employment; and (c) provision of wage-paid employment. Let me briefly review the policies and programs addressed to reach these objectives.

(i) Access to land

An important measure undertaken in the past for alleviating poverty and aiming at far reaching structural change in the rural society was the Land Reforms Programme, which aimed at giving access to the land and security of tenure, thereby raising agricultural production and income of the rural poor. The outcome, however, fell far short of the objectives. A few words on the measures of land reforms as

they unfolded at the ground level will substantiate above observation.

Although land reform is a subject in the preview of constituent states of the Union, because there was a national consensus on the direction of land reforms, actual legislation followed more or less same content and sequence throughout the country. Practically in all states of the country, the reforms proceeded in following stages:

- Abolition of functionless intermediaries (such as *zamindars* and *jagirdars*);
- Protection of tenants' rights, and regulation of rent;
- Ceiling on land holdings and distribution of surplus land among small farmers and landless labourers;
- Legislation aimed at "land to the tiller".

The guiding principle in all land related legislation during this period was equity and social justice.

Of these various reforms, measures to remove functionless intermediaries were quite successful. Results of tenancy reforms present a mixed picture. The landowners taking advantage of the provisions for 'self-cultivation' ejected a large number of small tenants. At the same time, a sizeable group of tenants, particularly the medium and large tenants tilling the land of absentee landowners, could secure tenancy rights and avail of lower rents. The same group could acquire the land they were cultivating once the legislation on 'land to the tiller' came into force. The worst sufferers were sharecroppers and tenants-at-will. In most parts of the country open tenancy was replaced by concealed tenancy; long-term lease contract by short term lease; annual lease by seasonal lease; written agreement by oral arrangement and formal contract by informal contract. Ceiling legislation was effective in hardly one or two states.

Co-operative farming, which ranged from joint management of individually owned lands to the pooling of land in one farm, was a total failure.

There were two basic reasons for this less than expected success. With few exceptions, there was no mobilisation of beneficiaries to enable them to claim the rights provided by the legislation. In a system which was dominated by vested interests this was a major failing. Second, with pre occupation with equity, the aspect of productivity was not addressed in any meaningful way. Even the sections who benefited from reforms in terms of better access to land and more secure rights in land did not have adequate wherewithal to make productive use of land.

(ii) Self-employment

Main source of self-employment in the rural areas is access to land. Over a period of time, the size of the land holding of the poor farmers is shrinking. Though landlessness has not increased appreciably, the number of marginal holdings is increasing. Today they account for 85% of the cultivating households, and account for 40% of the cultivated land. Even with better productivity they are not in a position to make both ends meet.

With the disenchantment from the redistributive land reforms, measures to provide self-employment to the rural youth in non-farm sector were adopted. The flagship programme in this area is the Swarnjayanti Gram Swarozgar Yojana (SGSY), which is a later version of Integrated Rural Development Programme (IRDP). The main emphasis in SGSY is on the formation of the self-help groups (SHGs) with the initial emphasis on group saving, later to be linked

with the banks to obtain adequate credit to start viable business enterprise. With the collective security of the group, the loan recovery was not supposed to be a major problem. The government further helped the groups by giving subsidy on the loans advanced to SHGs by the banks.

There are several studies on the effectiveness of these groups in alleviating the economic status of the members of the SHGs. They suggest that the success of the groups are region specific; in some states, especially in Andhra Pradesh, they have done reasonably well but in large parts of the country they have not been able to achieve the desired results. Two facts stand out as the major cause of their less than satisfactory results: 1) Goods produced by the groups had only limited markets; and 2) The banks were not keen to advance sufficient loans to the groups, hence they were not scalable. The groups had reasonable success where they were federated in the larger collectivity, i.e., in the Federations of SHG (as in Andhra Pradesh) or had strong government backing at various levels of the government (as in Kerala and Andhra Pradesh).

Another important measure to help in establishing small enterprises, which is being emphasized in recent years, is universal access to credit through inclusive banking. If credit is interpreted as command over goods and services, this measure can enable the poor to have access to productive assets, which can be utilized for household enterprise. Inclusive growth has been set as an ideal since the beginning of the planning in our country. However, it has been mentioned explicitly as an objective during the 11th Five Year Plan period. Inclusive banking is considered as an important instrument for achieving Inclusive growth. Various measures have been taken to translate the policy of

inclusive banking into a reality. These measures have definitely helped a large section of the people to avail of the banking services, more importantly the credit for own enterprises. Yet, as I will discuss later there are large gaps on the supply side as well as on the demand side.

The self-employment programmes for the poor have not made any significant contribution to the alleviation of rural poverty. Lack of credit is only one hindrance to self-employment. The more important handicaps are lack of skills and weak market link. Wherever these were available, a substantial number of the poor could engage in viable enterprises.

(iii) Wage-paid employment

Till the advent of MGNREGS, the main avenues for employment for the poor in the rural areas were agriculture labor and unskilled jobs in the non-farm sectors. Rather than open unemployment, the more serious problems in this regard are the seasonal unemployment, disguised unemployment and unremunerative employment. MGNREGS is designed to address these problems. Employment for 100 days to all able-bodied persons at the minimum wages is assured. Wherever it is implemented properly, it also influences agricultural wages making them rise in sympathy.

As in the case of other programmes, its success varies from region to region. In the more advanced regions, e.g. Punjab, the people do not demand work under this scheme, and in the backward regions such as Bihar and Jharkhand the organizational deficiencies do not permit all the deserving persons to avail of the employment guarantee. The record is

slightly better in the areas where the Panchayati Raj institutions are made active partners in the implementation of the programme, and where civil society groups perform the watchdog function or where government takes the programme seriously.

The major criticism of the programme is that, at best, it ensures unskilled work among the participants, with little hope of their acquiring necessary skills for opening up opportunities for sustained rise in incomes. Also, except in few states, the assets created under the programme are not good enough to strengthen the production base in the region and thus removing the handicaps posed by infrastructure deficit. And, as with other government programs, it is prone to corruption at all levels. With all these defects it has helped the poor in the rural areas, especially those who are landless or have marginal holdings.

IV. Government Programmes for Creating Capabilities

In last few years, any idea of major structural change in the rural areas is abandoned. Instead, programmes to enhance capabilities of the poor and enable them to have access to various services and facilities are being propagated. Some of these programmes are universal in their reach and are in right mode, others are in terms of entitlements for Below Poverty Line households.

These programmes can be broadly divided into the following main categories:

- Food and nutrition security
- Access to education and skill formation
- Ensuring health

- Subsidized housing
- Support to special categories of the poor e.g. scheduled castes, scheduled tribes, minorities etc.

Despite the plethora of schemes now operating for a number of years, a large section of the population suffer deprivation in terms of basic goods and services. We can look into two critical areas: one, eliminating hunger and ensuring nutrition, and two, education and skill formation; and see where a reasonable degree of success has been achieved and where the programmes have failed to reach the poor, especially those at the bottom rungs.

(i) Eliminating hunger and malnutrition

In short, the current scenario on food and nutritional front suggest the following:

- Hunger in terms of starvation is largely eliminated, although there is disturbingly large extent of seasonal hunger, especially in dry areas.
- There is progress in eliminating calorie deficiency, yet a very large proportion of rural households subsist at below 1800 calories per person per day even in the so called progressive states.
- There is no progress in ensuring nutritional security barring in one or two states, and the worst sufferers are young children, pregnant and lactating mothers and elderly persons without any family support. Their plight is worst if the household belongs to the group identified as poor.

In a country which is aspiring for food and nutritional security for decades, these are very disheartening outcomes. If we

have to redress this situation, a review of economic policies as much as the design and implementation of programs to ensure food security is necessary. There are three major programmes which can make important contribution to food security. These are: Public Distribution System (PDS) and its variant Antyodaya, Integrated Child Development Scheme (ICDS), and Mid-Day Meal Scheme. These are multi-objective programmes but they can significantly contribute towards food security. A few words on each of these may be useful.

Among these, PDS (and its earlier versions) is the oldest program. A large quantity of food grains and a few other necessities are distributed at subsidized rates through fair price shops under this programme. In terms of quantity of grain handled as well as in terms of the number of outlets, it is one of the largest programmes of its kind in the world. Its effectiveness in reaching the poor was always questioned mainly because of lacunae in implementation, and leakages to non-merit consumers. These defects have been progressively corrected, though much remains to be done. In a number of states its scale and reach among the poor is progressively improving.

A programme, which can directly contribute to the alleviation of the calorie deficiency, is the Antyodaya Programme. Started in December 2000, it was supposed to identify 1 crore families of the poorest of the poor and make food available to them at a highly concessional price, i.e. Rs. 2 per kg of wheat and Rs. 3 per kg of rice. The number of the poor to be covered has since been raised to 2.5 crore families, and the issue of grains per family from 25 kg per month to 35 kg per month. If the programme is better

targeted, it can certainly take care of the calorie deficiency for the worst affected sections.

Two other major programs to ensure food security are Integrated Child Development Scheme (ICDS) and Mid-Day Meal program. There is also Annapurna program to give free grains to indigent senior citizens, which has yet to make its impact felt. ICDS is aimed at providing supplementary nutrition along with health care to young children and lactating mothers. It is a laudable objective as it addresses the problem of malnutrition of the sections that have urgent need for it. By focusing on children and young mothers, the programme ensures lasting benefits to the society. Mid-Day Meal program is an equally laudable programme. By providing nutritious food to the school going children, it contributes to resolving food security problem of the households, and at the same time, it encourages school going habits among the children of the poor households. An important development that is taking place in this programme in some states is- the public private partnership. There is nothing wrong with the concepts; the difficulties are, as in other poverty alleviation programmes, at the implementation level. I will refer to these in the latter part of the lecture.

(ii) Education and skill formation

Education can be an important asset for the poor as it contributes to the quality of life, sense of wellbeing, general awareness and social networking. If combined with skill formation, it improves the prospects of remunerative employment. The corner stone of educational edifice is elementary education. India's record in the area of primary education is a mixed one. After the start of the Sarva

Shiksha Abhiyan, the country has made tremendous strides in ensuring access to education, mainly the primary education. Nearly 99 percent of rural habitations have access to primary education (Mid-term Evaluation of the 11th Plan, p.125). Gross enrolment ratio is more than 100 percent at the primary level. However, a large number of students are not able to continue after a year or two. From class one onwards the enrolment progressively declines, it reaches 77.5% after the upper primary level. Drop-out rate is much higher for the girls. Poor quality of education is the other major problem. Basic skills of reading, writing and arithmetic are at pathetically low level among the students, and there is no sign of improvement.

The other disturbing trend is growing privatization and consequently higher cost of elementary education. Progressively larger numbers of schools are established in the private sector and larger proportion of students, even in the primary classes, are being enrolled in privately run schools where the tuition fees are invariably high. This significantly adds to the cost of education. This tendency, which at the moment is largely evidenced in the urban areas, but spreading fast in the rural areas also, partly reflects the deteriorating quality of education in the government run institutions. The net result is the growing inequality in access to education as well as in the quality of education. There is a risk that the impressive gains in terms of access to schooling that have been secured for all may become difficult to avail by the poor.

Access to education is important in itself, but for livelihood assurance, certain skills are needed. These skills are assets in themselves. With the disappearance of local arts and crafts, training in newer and more remunerative skills is

necessary, which generally necessitates the knowledge of English and some computing skills. There are a whole variety of schemes and programmes managed by different ministries in the government of India. States are having their own skill development programmes. A number of NGOs and private sector institutions are also engaged in this task. The results, till date, are disappointing. According to 61st NSSO round for the year 2004-05, the persons in the age group 15 to 29 (about 2%) have received formal vocational training and another 8% have received non-formal vocational training. There has not been any appreciable improvement in this regard as the Mid-Term Appraisal of the 11th Plan reveals.

The task is truly difficult because bulk of the labor force in the country is in the unorganized sector. The facilities for skill impartation are inadequate and the course curricula are outdated. Besides, there is no connection with the employability of the trained persons. As a result, even the inadequate training facilities remain underutilized. To correct the situation, National Skill Development Mission is organized under the chairmanship of the Prime Minister. The state governments are also advised to organize skill development missions. State Livelihood Missions are set up in a number of states, but the progress is tardy and the gaps in terms of number of training institutions, the syllabi for training and the employability of the trained persons are not bridged to any substantial extent. Thus, a veritable asset for the poor eludes them.

V. Making Poverty Alleviation Programmes More Effective

Despite all these programmes and schemes, we are not able to reach a large section of the poor. In order to redress the

situation, we may have to concentrate on the following areas: appropriate designs of the programmes, reforming the delivery systems, building collective strength of the poor, and creating an enabling environment. A few words in each of these factors are germane.

(i) Designing schemes to suit the poor

Most of the schemes aimed at poverty reduction are sponsored by the Central government as central schemes or centrally aided schemes. The concerned Ministries in the Center, and in some cases, Planning Commission frame them. When handed down to the states for implementation, invariably a set of 'guidelines' is appended. The states generally interpret these guidelines as inviolable instructions and follow the same in the letter though not necessarily in the spirit! Even the schemes framed at the state's level give hardly any scope for adaptation at the field level. Introduction of the Panchayati Raj as institutions of decentralized governance has not helped the matters, barring in a few states, most notably in Kerala. In most of the other states, the functions devolved to the Panchayati Raj level are still administered by the functionaries who consider themselves as representatives of their 'parent' departments rather than Panchayati Raj institutions, and consider the schemes proposed by the departments as sacrosanct.

Other common failing is the craze for uniformity. With the known diversity of the natural and economic factors in different regions, 'one size fits all' approach cannot yield satisfactory outcome, and that is what is witnessed at the ground level. The characteristics of different groups of the underprivileged sections have to be taken into account before designing and implementing the programmes. To

illustrate, any scheme for providing production credit to the poor for encouraging household enterprise should have a built-in component of consumption credit to finance their day-to-day needs during the gestation period of the project. Need for including consumption element was recognized way back, but till date consumption credit from the banks, and even from the cooperative credit societies, is an exception.

Similarly, while the poor get their income on the daily or weekly basis, there is an insistence on purchasing bulk supply, generally for a month, from the fair price shops under PDS. Private sector has been more imaginative in this respect, for many of the consumer goods quantities are made available in small packets at a price which is within the purchasing power of the poor. Also the duration of the schemes is not geared to the tasks envisaged. For example, schemes to encourage horticultural crops on smallholdings should give finance not for months but for 3 to 4 years. But term finance for the poor is practically non-existent.

Top-down and centralized approach to poverty alleviation programmes is not the only defect in our strategy for poverty alleviation. The major lacuna is the indifference to the needs and capacity of the poor. Low and unpredictable income and poor risk taking capacity leads to demand side constraints. These are aggravated with the cynicism generated by years of neglect and manifest opportunism of the ruling classes. The first task is to convince the poor that a particular scheme is of benefit to them and also that it is suited to their specific circumstances. It is important to generate a sense of 'ownership'. The poor should be treated as partners and not as beneficiaries. The aim should be to make them self-reliant and not to perpetuate the 'dependency syndrome'. Most of

the poverty alleviation programmes, including flagship programmes such as MGNREGA, fail on this score.

Other major failing in the design of our poverty alleviation programmes is the lack of convergence. The poor suffer from a variety of handicaps, which mutually reinforce each other. Lack of opportunities to earn income, poor education and skill level, bad health and malnutrition all go hand in hand. Naturally, one scheme or a program cannot correct all these limitations. Our past experience of Community Development Programme, which has been described by some critics – and not without reason – as a Christmas tree programme, suggest that this type of multipurpose programme soon becomes ineffective. What is needed is the coordination between various agencies administering different programmes. Today this is not happening. Every department administering a programme works in a silo and jealously guards its territory. Wherever the government, NGOs or the private sector makes a coordinated approach – each agency supplementing the efforts of the other, results are quite heartening. Thus, if a credit institution advances credit to the landless, a skill imparting programme is instituted by some institution for the young persons from the same households for imparting requisite skills, and a marketing agency is identified to market the products of the household enterprise, the results achieved would be most satisfactory. There are examples of such coordinated efforts in which different agencies have participated and yielded satisfactory results, but these are exceptions.

(ii) Reforming the delivery systems

We have several pro-poor programmes, which look quite attractive on books. However, at the ground level, their implementation leaves much to be desired. It can be readily

agreed that administering poverty alleviation schemes for a vast number of people, many times in difficult terrains, is not an easy job. In resolving the problems of number and distance technology can play a significant role as exemplified in a number of developing countries in credit disbursement to the poor (e.g., Bangladesh, Kenya), and in a few areas in our country. Access to appropriate technology can make a huge difference to the quality of life of the poor. As C.K. Prahalad has noted in his seminal book, **The Fortune at the Bottom of the Pyramid**, “technology can provide the tools for the poor and the disadvantaged to be connected seamlessly with the rest of the world in a mutually beneficial and non-exploitative way”.

The experience has shown that if the technology is appropriate, the poor do not have any hesitation in adopting it speedily. The spread of the mobile phone is a telling example. Mobile phone technology has opened new opportunities in our country to reach the unreached. We can make effective use of mobile phones, which are no more an elitist symbol, to deliver a number of services to the poor. Such examples can be multiplied.

Similar innovations have been tried at the organizational level in our country and in other countries. Banks have instituted banking correspondents who can substitute brick and mortar bank branches. Local youth can take over the function of imparting elementary education. Health services can be organized at different tiers from simple treatment to complex operations. If we are serious about reaching the poor we should explore all possibilities of using appropriate technology and organizational change to ensure effective delivery.

Policies for strengthening delivery system have to grapple with the main problem of higher transaction costs to deal with the poor households, perceived higher risk in dealing with them, and limited capacity of the poor in absorbing high value inputs and credit. These three factors are advanced to explain ineffectiveness of the delivery systems vis-a-vis the poor. All these, as I will argue below, suggest the need for collective organization of the recipients and certain initiatives at the government level. Another seemingly insurmountable difficulty is the urban bias on part of the government functionaries. The record of other implementing agencies is not much different. The functionaries have to be made accountable for the deficiencies in the implementation. Right to Information is an important step in that direction.

A paradigm shift is needed in management of the government-sponsored programs. As Khandwala has argued, “a new public management system has to be introduced which treats the citizens as customers rather than beneficiaries and puts emphasis on outcome rather than allocation”. Design of autonomous agencies for programme implementation (e.g. Society for Elimination of Rural Poverty in Andhra Pradesh), professionalizing officialdom, judicious use of public-private partnership, devolution of the functions to Panchayati Raj institutions to the people’s representatives, and giving them the power of monitoring and supervision (as in Rajasthan in case of MGNREGA) are the steps to strengthen the delivery systems.

An important consideration while dealing with the poor is that they have multiple handicaps. This, as I have mentioned above, needs convergence of several schemes and programmes at the delivery level. The delivery systems addressed to the poor should learn to live with *inter-se*

relationships among large number of institutions. In a culture where every institution is zealous in protecting its turf, it is not easy to have such coordination.

To ensure service delivery to the 'last man' and to avoid leakages and corruption, a new initiative i.e., direct cash transfer is proposed. The success of this initiative will depend on how soon the Unique Identity program under Aadhaar is spread in the country, and how effectively the banking outlets are spread in the remote areas. On both counts lot of ground is yet to be covered. As per Reserve Bank of India data, the number of bank branches in the country is around 40000. To these may be added the business correspondents numbering approximately 116000. These numbers have to be compared to nearly 600000 villages in the country. It is clear that a large number of villages do not have banking facilities. Even with universal coverage under Aadhaar and banking facilities, not all the subsidies can be transferred to the beneficiaries through direct cash transfers. For example, food distributed through Public Distribution System has not only the subsidy element, it is also meant to be or could be a step in the direction of ensuring food and nutrition security.

(iii) Building collective strength of the poor

One of the common problems of the poor is that as individuals they have no identity, and no bargaining power. In the market place they are always losers whether it is the labor market or market for goods and services. Besides, there are activities, which can be profitably organized only if scale is imparted to them. These handicaps can be overcome with some form of collective organization.

We have tried with different forms of organizations for collective action, from self-help groups to cooperatives to producers companies. There are also examples of trade unions of agricultural workers. Not many of these organizations have succeeded for a length of time. But there are examples of successful cooperatives particularly in dairy and sugar sectors. Newer forms of aggregation for availing of inputs and marketing of produce, such as producers' companies, also have better record. For other types of successful collectivities, one can cite examples of several initiatives in Andhra Pradesh (Velgu), Gujarat (SEWA) and Kerala (Kudumbashree), as well as of SHG Federations in different parts of the country.

Such collective action is particularly important in productive activities, e.g., in production and marketing of artisans' and small farmers' products. There are certain features of successful group efforts which need to be emphasized. The basic units of the successful collective entities are small homogeneous groups of members who constitute the primary unit; there is a dedicated 'agency' to initiate and support them for a length of time; there are distinct gains in productivity and or realization of higher value for their products; there is sufficient stress on capacity building. I will like to emphasize that in the present circumstances, homogeneous groups of small producers with joint efforts to cater to multiple needs of their enterprises cannot only provide advantages of scale to their efforts but also provide effective foundation for an equitable rural structure.

Integrating various functions such as input supply, extension and quality control, and more importantly, the marketing and processing with larger organizations in a vertical manner is another possible route. Even such arrangements will be

more effective if producers group rather than individual producer is a contracting party. We have now sufficient experience of working with different models of vertical linkages, and should be able to adapt them to the given circumstances.

(iv) Creating an enabling environment

If, despite huge investment in the social sector and a plethora of schemes and programs our record in poverty alleviation is unsatisfactory, it could be due to the absence of adequate physical infrastructure and conducive environment to conceive and implement pro-poor programmes. The absence of appropriate institutional safeguards reflects in hegemony of the rich and the powerful, and insensitive government systems and procedures. Gaps in physical infrastructure exacerbate these lacunae. As a result, one finds at the ground level local monopolies, wasteful and insensitive implementing agencies and inadequate access to markets for the poor.

All this is changing, though not at a speed one would have desired. For example, physical infrastructure, especially connectivity, is fast developing. (Importance of connectivity cannot be over emphasized as it can help to a great extent in breaking the institutions and arrangements that perpetuate local level exploitation). It is evident from the fact that the districts that are identified as the Naxalite affected districts are among the poorest districts of the country. They are also generally most inaccessible districts. Creating road networks has emerged as one of the most important programmes for development of these districts. This would help in mobility and information sharing which are necessary though not sufficient conditions to convert the assets of the poor into

capital and then into income streams. Significant progress has also been made with respect to connectivity. But much remains to be done. On the other two elements of local environment, namely, hegemony of the rich and the powerful, and insensitive and unimaginative bureaucracy, there is no perceptible change.

There are legal and institutional hurdles, which are more restrictive than infrastructure or administrative deficit for creating an enabling environment. A positive step to overcome institutional hurdles is providing entitlements for various services in rights mode. This strengthens the hands of the poor. It gives them access to goods and services without necessarily owning these. Other institutional and legal measures, such as Right to Information, have proved to be important tools to ensure transparency and accountability; Panchayati Raj has given opportunity to the poor to participate in the governance process; technology has made spread of information faster and easily available; physical connectivity is fast improving. A moot question is – why all these changes are not manifesting in rapid decline in poverty. There are certain operational lacunae, particularly at the design level and in the delivery systems that I had referred to earlier. The more abiding factor is the all-pervasive corruption.

It can be traced to the quality and character of our elected representatives, self-serving bureaucracy and amoral entrepreneurs. There are exceptions in all these classes. There are politicians who are genuinely working for the downtrodden; there are honest and efficient state functionaries at all levels; there are business people who shun dishonest means, but they do not define the character of the groups they represent, they are exceptions. It will be

wrong to single out any one of these groups as fountainhead of corruption, because corruption has become an acceptable norm of social behavior. In this environment, the tasks of poverty alleviation and 'reaching the last man' get relegated to background. Corruption in various forms and types vitiates the intended objective of the legislation; allows the powerful and the well connected to pre-empt all that is due for the poor and marginalized sections.

To leave one third of the population behind in our quest for higher growth, cannot be justified by any canon of ethics. It is also bad economics as *sustainable growth*, even in terms of GDP will remain elusive with such high burden of marginalized households. It is possible for us to make a marked improvement in our efforts to eradicate poverty if, first and foremost, an environment is created where a set of values are shared, mutual obligations are respected, and commitment to given tasks is considered sacrosanct. In such environment, it will be easy to correct some of the lacunae in the poverty alleviation programmes that I have highlighted.

Thank you.

Prof. Vijay Shankar Vyas is an eminent economist, widely known for his contributions in agricultural policies, poverty and rural development. Professor Emeritus in the Institute of Development Studies, Jaipur, Prof. Vyas's PhD (Bombay University) thesis on Role of Agriculture in a Developing Society is considered as a pioneering work in underlining the importance of agriculture in the development of India and charting a trajectory of future development in the field.

An author of a number of books and articles, Prof. Vyas has served numerous bodies including United Nations as well as the central and state governments in different capacities. He has been associated with a number of academic institutions including the Indian Institute of Management, Ahmedabad, South Asia Centre of Boston University, IDRC Canada, Sardar Patel University at Vallabh Vidyanagar, Department of Agriculture and Rural Development of the World Bank, Washington, D.C. In 2006, he was awarded Padma Bhushan by the Government of India. He is currently a member of the Economic Advisory Council of Prime Minister of India and Deputy Chairman, State Planning Board, Rajasthan.